

its mind, and no longer considered the California Medical Association to be a scientific and educational organization. A new ruling was immediately issued granting the California Medical Association exemption from income, capital stock and excess profit taxes on the ground that the Association is a "business league." The net effect of this ruling was to leave the Association's exemption from income, capital stock and excess profit taxes undisturbed, but for the first time to subject the Association to Social Security taxes, both Federal and State.

After reviewing authorities and considering all of the surrounding circumstances, the legal department recommended to the Council that it acquiesce in the new ruling of the Commission of Internal Revenue and commence payment of Social Security taxes under Title VIII of the Social Security Act and under the California Unemployment Reserves Act.

In October, 1938, both the Federal and State governments for the first time contended that the California Medical Association was liable for Social Security taxes not only from and after the date of the business league ruling, but also for the years 1936, 1937 and the first nine months of 1938. That is to say, a retroactive effect was sought to be given to the business league ruling. This decision was immediately disputed and a formal protest was submitted to the Commissioner of Internal Revenue.

On March 13, 1939, the legal department was informed that the Treasury Department has decided that the Association must pay a tax plus penalties for the period during which the Department's prior ruling granting an exemption was in full force and effect. Needless to say, this decision is considered erroneous.

Various written documents, including protests, briefs and memoranda, have been prepared, and a number of hearings have been held before Treasury Department officials.

In addition, both the Federal and State governments are now contending that all officers of the California Medical Association, including Councilors and committee chairmen, are the "employees" and subject to payroll taxes. In our opinion, this view is contrary to the law and we are, on behalf of the Association, protesting the departmental rulings.

Malpractice Insurance.—During the past year the legal department has at all times been available to those members of the Association who have desired information and advice with respect to the legal form and legal effect of malpractice insurance policies. A great many members have availed themselves of the services of this department in this regard, so that during the year many opinions have been prepared and submitted on the subject of malpractice insurance. In addition, the legal department keeps in touch with the various surplus line brokers representing Lloyd's underwriters and the American companies in this field, in order to protect and guard the interests of the medical profession.

Medical Service Plan.—Since October, 1938, most of the time of your general counsel and his associate, Mr. Hassard, has been devoted, first, to assisting the special committee of the Council appointed to prepare a medical service plan, and second, after the action of the House of Delegates in Los Angeles, December 18, 1938, to the handling and solution of the multitude of legal problems involved in incorporating and organizing California Physicians' Service. Pursuant to the direction of the Council, the legal department has at all times been available to those officers and members of the Association who have been charged with the duty of effectuating the medical service plan, and since the organization of California Physicians' Service the legal department has carried out all instructions received from the board of trustees of that organization. The immense amount of work involved in formulating a medical service plan on a voluntary monthly

prepayment basis can, perhaps, be best expressed by stating that the preparation of the various documents furnished the House of Delegates at its special meeting in Los Angeles constituted only a small portion of the necessary research and labor undertaken.

Legislation.—At the direction of the Council, the legal department has prepared several bills for introduction to the Legislature and, in addition, has prepared amendments to a number of bills introduced by other organizations and groups. Your general counsel and his associate have attended each meeting of the Committee on Public Policy and Legislation, and have at all times endeavored to assist the committee to carrying out its arduous and difficult duties. Over two hundred bills have been analyzed for the committee, so that the Association and its members may be informed with respect to the nature of all legislation relating to the field of medicine now under consideration by the California Legislature. In addition, various memoranda and opinions have been prepared and submitted to the Committee on Public Policy and Legislation regarding pending legislative measures.

Miscellaneous.—During the past year opinions have been requested and furnished dealing with such subjects as disciplinary procedure, the extent of the power of the Medical Society over admissions to membership, legal and ethical aspects of group medical practice, the power of cities to impose license taxes on physicians, the legal effect of medical and hospital indemnity insurance policies, the extent of the power of hospitals to regulate those who may practice therein, and many other things.

An article for the Medical Jurisprudence column in CALIFORNIA AND WESTERN MEDICINE has been prepared each month.

Attendance at conferences of officers, at meetings of the Council, Executive Committee and other standing and special committees, and with the members of a number of county societies where matters of great interest to the medical profession have been considered, has been maintained throughout the year.

It may be proper to state that these matters, covering as they do a wide range of activities, the services of associates of general counsel other than Mr. Howard Hassard, have been found necessary and helpful in the interests of the Association.

Respectfully submitted,

Hartley F. Peart, *General Counsel.*

II

REPORTS OF DISTRICT COUNCILORS

FIRST COUNCILOR DISTRICT

Imperial, Orange, Riverside, San Bernardino, and San Diego Counties

To the President and the House of Delegates:

Our secretary-editor has called for the councilor reports from the nine councilor districts for publication in the Pre-Convention Bulletin of CALIFORNIA AND WESTERN MEDICINE.

Another year has rolled around and medical affairs have seen little change in the "big First District." There has been a noted increase in membership in each of the county societies. Voluntary prepaid hospital service has been purchased by a small number here and there, but the general desire has been for a complete prepaid service.

The county societies in the First District have been visited several times, and once with President-Elect Charles A. Dukes and Secretary-Editor George H. Kress. These men were greeted by large groups, who eagerly listened to the latest word about the California Physicians' Service. None of us wish a change in the present medical relationship, as it now exists, between the doctor and his patient,

and none wish to see our profession exploited by an organized group of politicians working under some compulsory plan. It looks as if California was about to be the testing ground. Well, the doctors of medicine of this state are not going to be found unprepared, but will be a united group of over six thousand individuals opposing their regimentation under any other leadership than medical. If group practice must come, let it be medically controlled and directed under a voluntary plan where the patient can select the physician of his choice among those who hold a doctor of medicine license in the State of California.

Respectfully submitted,

Calvert L. Emmons, *Councilor,*
First District.

SECOND COUNCILOR DISTRICT

Los Angeles County

To the President and the House of Delegates:

Decided progress has been made in adding to the membership roll this year, a total net gain of 206 having been recorded.

The parent organization and the various sections and branches have been very active along both scientific and medical economic lines.

With the advent of the California Physicians' Service there has been a marked stimulus to interest in organization and allied matters. The sentiment seems to be overwhelmingly in favor of the plan, and there is no doubt that it will receive enthusiastic support.

Respectfully submitted,

Carl R. Howson, *Councilor,*
Second District.

THIRD COUNCILOR DISTRICT

Kern, San Luis Obispo, Santa Barbara, and Ventura Counties

To the President and the House of Delegates:

As councilor of the Third District, all of the societies were visited with Dr. Charles Dukes, president-elect, and Dr. George Kress, secretary of the California Medical Association. The meetings this year were exceptionally well attended and enthusiastic. In addition to the regular county meetings, Doctors Dukes and Kress and the councilor met with the Santa Maria group, in the northern end of Santa Barbara County, and were entertained there by about twenty members who had been unable to attend the evening before at Santa Barbara.

All the counties in the district have shown a healthy growth, and unusual enthusiasm has been manifested in the important affairs of the California Medical Association. The officers of the component societies have been especially alert and cooperative, and it is apparent that the members of the C. M. A. in the Third District are more alive to the needs and necessities of medicine today than they ever have been before.

Following an exceptionally well put on two-day postgraduate conference in March, 1938, at which more than one hundred registered from the district, the conference was repeated this year along the same lines which were so successful in 1938. It is hoped to make the Santa Barbara conference second to none in the State, and, with the support that has been afforded it and the experience gained in the past two years, it is felt that Santa Barbara can surpass all efforts in 1940.

The cooperation of the Secretary's office and all other State officials is appreciated by all the members of the Third District.

Respectfully submitted,

Louis A. Packard, *Councilor,*
Third District.

FOURTH COUNCILOR DISTRICT

Fresno, Madera, Kings, Tulare, Merced, Mono, Mariposa, Inyo, Calaveras, San Joaquin, Tuolumne and Stanislaus Counties

To the President and the House of Delegates:

A lively interest in the development of California Physicians' Service has been shown throughout the district. Hearty cooperation in establishing the C. P. S. as a going concern may be expected. The defeat of the antivivisection initiative last November was a gratifying demonstration of united action on the part of the profession, pharmacists, nurses, et cetera. Local activity was enthusiastic. Much of value for future contests for the protection of public health was learned.

The San Joaquin County Society, under the leadership of Dr. Charles A. Broadbuss, is showing the State what can be done about postgraduate work at home. The plan employed has been commended by the councilor to all other societies in the district.

The councilor has, during the year, visited all societies in the district and has found a ready willingness to cooperate in C. M. A. activities everywhere. The membership is steadily increasing, and society activities, in most instances, are satisfactory. One new county society was recently organized in this district, comprising Inyo and Mono counties. Some change in the councilor district to avoid a trip of almost 1,000 miles to visit this society may be wise.

Service by this councilor on the County Hospital Committee has included conferences with farm organizations and other members of the committee for the development of acceptable changes in the existing laws governing county hospitals, and he believes that, if pending legislation be adopted, it will greatly improve present management of such institutions, benefit the public concerned, and prove of value to the profession.

Respectfully submitted,

A. E. Anderson, *Councilor,*
Fourth District.

FIFTH COUNCILOR DISTRICT

Monterey, San Benito, San Mateo, Santa Clara, and Santa Cruz Counties

To the President and the House of Delegates:

Increasing interest and activity in the problems of the cost of medical care has been manifest in the Fifth District during the past year.

A joint dinner meeting between the Santa Clara County and San Mateo County societies was held at Agnew State Hospital and addressed by President W. W. Roblee and Secretary George H. Kress. A similar joint meeting between Monterey County and Santa Cruz County at Del Monte gave all members in the district an opportunity of becoming better acquainted with our officers.

Monterey County Society is planning to demonstrate their usual hospitality at the annual meeting this year.

Respectfully submitted,

Alfred L. Phillips, *Councilor,*
Fifth District.

SIXTH COUNCILOR DISTRICT

San Francisco County

To the President and the House of Delegates:

The past year has been remarkable for the interest shown by the members of the Sixth District in the attempt of the California Medical Association to build a successful organization through which the cost of sickness can be met by periodic payments.

Our members feel that this has been accomplished through the formation of the California Physicians' Service, and they are united in the determination to do all

within their power to help bring success to the new venture.

The usual "county society" problems have been met as a matter more or less of routine. We feel that our strength in unity has grown with the number of our members, which is now the greatest that it has ever been.

Respectfully submitted,

Karl L. Schaupp, *Councilor,*
Sixth District.

SEVENTH COUNCILOR DISTRICT

Alameda and Contra Costa Counties

To the President and the House of Delegates:

The Seventh District, comprising the counties of Alameda and Contra Costa, has shown a favorable condition during the past year.

Alameda County Medical Association has held ten regular meetings, the programs for which were presented in large part by the members of the Association. Three guest speakers appeared before the Association and, in conjunction with the Oakland Forum, a special luncheon meeting honoring Dr. Morris Fishbein, editor of the *Journal of the American Medical Association*, was held.

There has been a steady increase in the growth of the Alameda County Medical Association, forty-five members having been added during the year. Through resignation, death and delinquency of dues, twenty-five members were lost. This leaves an actual net gain of twenty-five members.

The Association has coöperated with city and State health authorities in the establishment of adequate venereal disease clinics, and other matters of public health interest.

The Association of Approved Hospitals has expanded its interests to include a number of neighboring counties.

Alameda County Medical Society notes with pride that 100 per cent of its members were members of the Society for the Promotion of Medical Research, and aided in the defeat of the proposed Humane Pound Act. It is likewise proud of its library, which, in coöperation with Lane Library, is able to bring medical publications to its members.

The Contra Costa County Medical Society has held ten meetings during the year.

There has been an increase in the membership of the Society.

The value of Woman's Auxiliaries in county societies has been demonstrated in Contra Costa County Medical Society during the recent campaign to protect medical research, when the Auxiliary members offered unremitting and effective aid.

Respectfully submitted,

O. D. Hamlin, *Councilor,*
Seventh District.

EIGHTH COUNCILOR DISTRICT

Alpine, Amador, Butte, Colusa, Eldorado, Glenn, Lassen, Modoc, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Sutter, Tehama, Yolo, and Yuba Counties

To the President and the House of Delegates:

During the past year, visits were made to the various societies in the Eighth District, where meetings were well attended and programs of scientific and practical interest were presented. The members of these societies were found to have a wide and accurate knowledge of medical problems, and were interested in finding ways and means to solve these problems.

With President Roblee and Secretary Kress, official visits were made later in the year, the meetings being well attended and satisfactory.

Respectfully submitted,

F. N. Scatena, *Councilor,*
Eighth District.

NINTH COUNCILOR DISTRICT

Del Norte, Humboldt, Mendocino-Lake, Marin, Napa, Solano, Sonoma and Trinity Counties

To the President and the House of Delegates:

The past year has been a very busy one, as the medical society activities in the ninth district have been on the decided increase.

The Solano County Society held its annual meeting in Vallejo on July 16, entertaining President W. W. Roblee, President-elect Charles Dukes and Secretary-Editor George Kress. This meeting attracted, as usual, medical men from all adjacent county societies.

In May, September, November and December, joint conferences with farm leaders were arranged and held in San Francisco, helping to create a mutual understanding of rural medical needs.

Napa County again held its annual joint meeting with the dentists and attorneys. At the joint meeting with the lawyers, when Mr. Peart was one of the main speakers of the evening, the superior judges, district attorneys and legislators from most of the adjoining counties were present.

The Napa County Annual Jinks Party, held at the Napa Country Club on December 10, was attended by 135, physicians and visitors being present from the entire North Bay area and San Francisco. Dr. Lloyd Kindall's Medical-Dental Band again furnished the main entertainment of the evening. Governor Merriam and several legislators also were present as guests and speakers. These joint meetings should be held by every county medical society in the State, as they help to bring about a better understanding of mutual problems.

In January a district meeting was held at Sonoma to discuss the California Physicians' Service. Every county in the Ninth District was represented, and the action of the special meeting of the House of Delegates held in Los Angeles was freely explained and discussed.

On November 6, 7, and 8, I accompanied President Roblee and Secretary Kress on their trip to the northern counties, holding meetings at Yreka and Eureka, and visiting with doctors at Crescent City and Ukiah. At Ukiah, Doctor Cushman and staff entertained us with a dinner in his house at Talmage. On this trip we inspected, by invitation, the hospital erected at Shasta Dam site, the County Hospital at Yreka and some of the wards at Talmage.

During the year I have made councilor calls upon all of the medical societies in the Ninth District. Several societies have been visited many times. I have attended all councilor and council committee meetings of which I was a member.

Again let me say that, although it has been a very busy year, I have enjoyed to the fullest extent every bit of it.

Respectfully submitted,

Henry S. Rogers, *Councilor,*
Ninth District.

III

REPORTS OF COUNCILORS-AT-LARGE

To the President and the House of Delegates:

This brief report marks another year of effort to lend aid to the members of the medical profession, their individual and organization activities, in advancing the standards of practice and protecting the mutual interests of the people as a whole and the profession.

Many meetings have been attended and important and routine matters deliberated and either settled temporarily or carried on for further consideration until circumstances permitted the adoption of a more mature opinion.

We have started the California Physicians' Service and are working with the hospital service organizations. We